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The Basics

Taxed: What Makes New York Different

By [SEWELL CHAN](#)

A new report showing that New York City has by far the heaviest tax burden of the nine largest American cities raises a question: Just what do New Yorkers get for paying all those taxes?

The report, released by the city's [Independent Budget Office](#) on Wednesday, found that state and local taxes consumed \$9.02 of every \$100 in household and business income, compared with an average of \$6.16 in the eight other cities with populations over one million. New York has an unusually high city personal income tax, which can reach 3.65 percent.

There is broad consensus that New York is heavily taxed. The report explained the situation by alluding to the exceptional costs of Medicaid — the health insurance program for the poor, which New York, unlike most cities, partly finances — and, to a lesser extent, welfare programs.

Kim Reuben, an economist at the Urban Institute, said that a far greater proportion of New York State residents are covered by various health and social services programs than in California, Texas or Florida.

But those are not the only areas in which New York seems to spend a lot more on services. With 8.2 million residents, its Police Department has 37,000 officers — four times the number in Los Angeles, which has nearly half of New York's population. Spending on the city's schools has increased substantially under Mayor [Michael R. Bloomberg](#).

“There's no question that the City of New York provides a higher level of services than cities elsewhere,” said Michael A. Pagano, a professor of public administration at the [University of Illinois](#) in Chicago.

Comparing services across big cities is difficult, Dr. Pagano added, because governance structures vary widely. Los Angeles, Chicago and Houston have county governments, while Philadelphia is both a city and county. New York, which comprises five counties, is unusually expansive, with a network of parks, libraries and public hospitals that all rely on the city. (The budget office's study adjusted for such variation by taking into account city, school, county and state taxes, on residents as well as businesses.)

Six of the nine largest cities are in the Sunbelt, where the warmer weather means less money is needed for removing snow and repairing streets damaged by the freeze-thaw cycle.

New York's services also cost more, Dr. Pagano said, because its work force of 270,000 (120,000 of whom work in education) is heavily unionized.

As one of the oldest of America's big cities, New York has aging bridges, highways, tunnels and roads that require constant upkeep. Unlike Houston, where growth is largely unchecked, New York has a tangle of planning, zoning, landmarks-preservation and other land-use rules that require the city's enforcement, said Christopher W. Hoene, a political scientist and research director at the National League of Cities.

Mitchell L. Moss, a professor of urban policy and planning at [New York University](#), said New York's high-taxation reputation has endured for decades. "There's a social contract in New York between the wealthy people, who are paying a good share of the income tax, and the large numbers of low-income New Yorkers, who get a fair amount of city benefits," he said.

Edmund J. McMahon Jr., director of the Empire Center for New York State Policy, a project of the conservative Manhattan Institute for Policy Research, argued that more is not necessarily better.

"The position of Manhattan political elites has been, 'Well, we can tax with impunity,' " he said. "What they never ask is, 'Would we better off if we didn't tax with impunity?'"

One of the concerns, Mr. McMahon said, is the city's excessive reliance on Wall Street — a worry that Mayor Bloomberg has expressed. "We have a tax structure in this city that's more dependent than ever on high-income businesses and individuals," he said.